



DEPARTMENT OF THE AIR FORCE

HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT PATTERSON AIR FORCE BASE, OHIO

15.201
15.306
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BG 14.98

10 AUG 1998

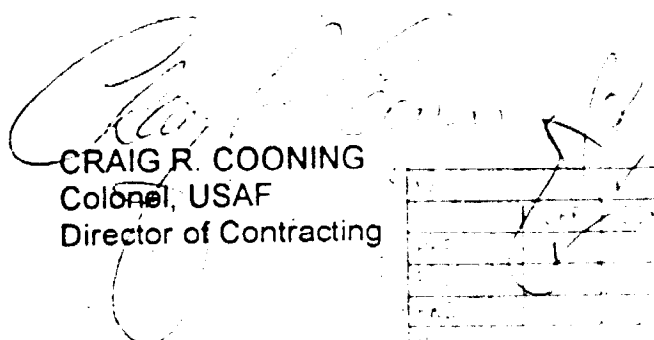
MEMORANDUM FOR SEE DISTRIBUTION

FROM: HQ AFMC/PK
4375 Chidlaw Road, Suite 6
Wright-Patterson AFB OH 45433-5006

SUBJECT: Acquisition Reform and Open Communications with Industry
(SAF/AQ Memo, 9 Jul 98)

1. The attached memorandum emphasizes acceleration of acquisition reform efforts and the need for continued improvement of relationships with industry partners. It provides advance notice for near-term AFFARS changes that could influence acquisition strategies and development. Some of the changes will have to be further defined by the AFFARS implementation; for example, "More extensive post-award debriefings," and "More frequent performance feedback during contract execution." Others, however, can be implemented under existing regulatory guidance, for example, "release of evaluation standards used in competitive acquisitions" and "Increased emphasis on teaming by the Air Force and sole source contractors." HQ AFMC/PAK will integrate the additional changes into existing training modules and templates as they become effective, but the acquisition work force needs to be ready to respond. Please ensure widest possible dissemination of this information.

2. My point of contact is Ms. Bonnie Taylor, HQ AFMC/PAK, DSN 787-4788 or E-mail taylorb@wpgate1.wpafb.af.mil.


CRAIG R. COONING
Colonel, USAF
Director of Contracting

Attachment:
SAF/AQ Memo, 9 Jul 98

Atch 98-6D (FAR 15) Post to FAR 15.201, 15.306 and 15.5 by circling the reference and noting in the margin: "See 64-10, Atch 98-6D filed at FAR 15." Then file the Atch behind the sups to FAR 15.

MEMORANDUM FOR SEE DISTRIBUTION

9 Jul 98

FROM: SAF/AQ
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Acquisition Reform and Open Communications with Industry

In June 1997, the heads of the Air Force's planning, requirements and acquisition communities issued a joint memo entitled "Open Communications with Industry" (Atch 2). That memo sent a clear message about the benefits of open communications and strongly encouraged our members to adopt many actions to enhance our cooperative relationship with industry. Over the past year we have made significant strides in expanding our channels of communication and created a new climate of cooperation and trust. It is now time to build on the foundation we have established and further expand this cooperative environment in order for both the Air Force and industry to reap the benefits of this new culture and accelerate our acquisition reform efforts.

The acquisition and sustainment reinvention process highlighted during Acquisition Reform Week and the initial set of initiatives that we are pursuing have great potential. Once implemented, these initiatives will significantly improve our acquisition process. Increased openness and cooperation with industry will have a multiplier effect that will allow us to accelerate and institutionalize acquisition reform.

To further expand our open communications, I have directed some specific changes that will be implemented in the Air Force Federal Acquisition Regulation Supplement (AFFARS):

- Mandatory release of evaluation standards used in competitive acquisitions
- Requiring contractor participation in the award fee decision process
- Mandating for all ACAT programs that each offeror in a competitive negotiated procurement be provided their rating status prior to request for final proposal revision
- More extensive post-award debriefings
- More frequent performance feedback during contract execution
- Increased emphasis on teaming by the Air Force and sole source contractors in contract development and award

Another area in which open communications will result in significant mutual benefits is in the resolution of disputes. In cooperation with the Air Force's Dispute Resolution Specialist (SAF/GC) we will establish the use of Alternate Dispute Resolution (ADR) as the first and primary method to settle contract related disputes. Government personnel will be more thoroughly trained on the use of ADR and I am asking our contractors to strongly consider the use of ADR in lieu of more lengthy or expensive litigation. The use of ADR will save the Air Force and our industry partners time, money, and contribute significantly to an open cooperative environment and accomplishment of the Air Force mission.

Finally, we will be using our improved communications channels to implement a new initiative to enhance small business opportunities on our major systems and large outsourcing acquisitions. We will be looking to our major contractors to help us create opportunities for small businesses to participate in Air Force acquisitions. We plan to make small business participation an element of award fee and source selection considerations. Open communication with industry will be the cornerstone of how we make this initiative succeed.

While we have made great strides--we have much more to accomplish. I call on both industry and Air Force acquisition leaders to support these efforts and further build on the foundations created through open, fair and continuous communication. Please address any questions or comments to my point of contact, Colonel Terry Raney, SAF/AQC, at (703) 588-7010.

// Signed//

DARLEEN A. DRUYUN
Principal Deputy Assistant Secretary
(Acquisition and Management)

Attachments:

1. Distribution List w/d
2. Joint AF/XO/XP & SAF/AQ memo, 23 Jun 97

**DEPARTMENT OF THE AIR FORCE
WASHINGTON DC**

23 Jun 97

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Open Communications with Industry

Open, fair and continuous communication is the cornerstone of the Air Force's cooperative relationship with industry. We must keep industry fully informed throughout all phases of the requirements and acquisition processes. Advances in information technology greatly improve our ability to communicate with industry in a timely and cost-effective manner. We should leverage these capabilities to support our goal of providing better, faster, cheaper and smoother acquisition support to our war fighters.

Open communication will enhance our cooperative efforts with existing contractors and encourage participation by suppliers previously reluctant to pursue Government contracts. We must ensure the timely release of information to industry to maximize the value of their inputs to the planning, requirements and acquisition processes. If industry better understands our requirements in terms of the mission, future requirements, key performance parameters, objectives, and affordability issues, they can make more informed inputs during our market research efforts and in response to our solicitations. Results include an enhanced use of cost as an independent variable (CAIV), better and more comprehensive cost performance trade-offs in the requirements process, the issuance of improved requests for proposals, and innovative and more affordable proposed solutions. The payoff will be streamlined source selections, reduced cycle time and well informed best value decisions.

We know that the information needed during the two way communication process is sensitive to the changing environment of the acquisition life cycle and is dependent on the extent of competition. We have divided the acquisition cycle into four distinct phases (Atchs 2-5) in order to highlight the unique communications opportunities. While primarily targeted for systems acquisitions and sustainment, some concepts may be equally beneficial in acquiring services and other goods. We must also remember that in our quest for increased openness, we must

balance our obligation to ensure fair and equal treatment and opportunities for all offerors, while protecting contractor proprietary information and not releasing restricted government information.

We strongly encourage planning, requirements, and acquisition offices throughout the Air Force to more openly communicate with industry and adopt, to the maximum extent practicable, the actions that we advocate in the attachments.

//Signed//

JOHN P. JUMPER
Lieutenant General, USAF
DCS Air and Space Operations

Signed

ARTHUR L. MONFY
Assistant Secretary of the
Air Force (Acquisition)

Signed

LAWRENCE P. FARRELL, JR.
Lieutenant General, USAF
DCS Plans and Programs

Attachments:

1. Distribution List w/d
2. Planning and Requirements Inputs to the Acquisition Process
3. Requirement Validation to Issuance of Solicitation
4. Solicitation to Post Award Debriefing
5. Contract Performance

Planning and Requirements Inputs to the Acquisition Process

Guiding Principles:

- Industry involvement in the Modernization Planning Process (MPP) is essential.

-- Industry understanding of the results of Mission Area Assessment and Mission Needs Analysis is important to their ability to develop acceptable solutions. Industry participation in Mission Solution Analysis enhances the MAJCOM requirers' users understanding of potential materiel solutions (new concepts, emerging systems, or major modifications to systems) to meet current and projected needs.

-- Informing industry of methods used to identify and quantify mission shortfalls provides the basis for industry to focus technology developments on potential solutions that address the fundamental nature of war fighter deficiencies.

-- Using standard models, simulations, scenarios, threat descriptions, and future operating environments, enables industry to speak a common language with the government when proposing solutions that meet war fighter requirements.

-- Industry inputs to our search for innovative concept solutions to mission deficiencies results in more thorough and complete market research which improves our understanding of market capabilities, commercial options and practices, and substantially increases our ability to conduct Cost as an Independent Variable (CAIV) analyses.

We fully expect:

1) Efforts to increase the involvement of industry in the Technical Planning Integrated Product Team (TPIPT) efforts on behalf of Mission Area Teams (MATs). TPIPT products document candidate systems solutions to user needs, including development roadmaps and technology investment recommendations. It is through TPIPTs that industry can channel technology concepts and solutions to the user, requirements and planning communities. Industry involvement in TPIPTs facilitates the development of the Mission Needs Statement (MNS), Operational Requirements Document (ORD) and Air Force Long-Range Plan which ensures the identification of the maximum number of potential solutions including commercial item opportunities.

2) MAJCOM Industry Days to identify discuss likely future operational capabilities and technological solutions.

3) Aggressive market research using industry input to identify market capabilities, examine potential commercial solutions and obtain data to conduct CAIV analyses.

4) Open dialogue with industry while defining requirements and key performance parameters to identify the "trade-space" for cost-performance analysis.

Attachment 2

Requirement Validation to Issuance of Solicitation

Guiding Principles:

- Industry inputs can provide valuable contributions that enhance acquisition strategy development, facilitate CAIV implementation and analysis, contribute to trade space identification for cost-performance analysis and improve solicitation documents.

- Early industry involvement in the development of an acquisition strategy can validate the government course of action and or provide alternatives.

- Draft Requests for Proposals (including Section M) provide an opportunity for clarification of Government intent and for industry to provide comments for possible incorporation and improvement.

- Industry participation in our market research efforts assist in the identification of commercial or NDI alternatives, and or other possible solutions.

- Openly sharing source selection plan information and evaluation standards demystifies the source selection process and enables offerors to greater assess their abilities to compete while submitting a proposal confident that they understand not only the requirement but also the proposal evaluation procedures.

- Treat all prospective offerors fairly and impartially with a goal of increasing their understanding of technical and business requirements.

- Adherence to Federal Advisory Committee Act (FACA) requirements as necessary.

In competitive acquisitions, we fully expect:

- 1) Soliciting industry input on the development of acquisition strategy, including briefing industry on specific draft acquisition strategies and obtaining input on these strategies via strategy comment sites on the world wide web, feedback sessions with potential offerors, written input from offerors or through some combination of these methods including opportunities for confidential input.

- 2) Sharing acquisition strategy panel minutes, appropriately redacted, with industry.

- 3) Continuing aggressive market research efforts to identify good business practices that can be used to: a) improve our acquisition strategies

- b) determine based on user input that the requirement can be stated or modified so that it may be solved with commercial or NDI alternatives either at the product or component level.

- 4) Engaging industry in the drafting of solicitations via Air Force contracting business opportunity sites on the world wide web (http://www.safaq.hq.mil/contracting/biz_opty.html) or other means

Attachment 3

Solicitation to Post Award Debriefing

Guiding Principles:

- Increased dialogue between offerors and the government results in a better understanding of contractors' proposals and provides for more informed and efficient competitive range determinations and best value decisions.
- Debriefings will be conducted in a spirit of cooperation, with strengths, weaknesses and deficiencies discussed, that will enable our industry partners to better compete in the future.
- In formal source selections, the Source Selection Decision Memorandum must be the single document supporting selection of the best value proposal consistent with the stated evaluation criteria.
- After the fact feedback from industry on specific acquisition products or processes, e.g. solicitations and post award debriefings can improve future Government actions for all.
- Based on negotiated financing milestones, performance based payments provide a greater certainty of performance and require less government oversight.

In competitive acquisitions, we fully expect:

- 1) Early identification and use of relevant past performance information to enable government evaluators to focus on this measure of the contractor's performance risk and to openly provide feedback to the contractor and allow contractors to comment.
- 2) Inclusion of the Government's evaluation criteria in the RFP. A copy of the proposed criteria should be included in the Draft RFP.
- 3) Use of oral presentations when the information presented can be reasonably and adequately presented to permit evaluation by the Government and the ease of incorporation of the information into the contract merits its use.
- 4) Use of the same briefing charts during post award debriefings, including strengths, weaknesses and deficiencies, that were used with the Source Selection Authority; providing overall evaluated ratings and reasonable responses to relevant questions with the goal of improving quality of future proposals.
- 5) The SSA's involvement at debriefings, if possible. The PEO/DAC should participate. The SPD will participate.
- 6) Conduct of debriefings at contractor's facility, whenever possible.

Attachment 4

7) Use of performance based payments when the government and industry can adequately define the major milestones for performance based payments. This requires a mutual understanding of what constitutes successful completion and the ground rules for acceptance and payment for incomplete milestones.

In acquisitions where appropriate sole source approvals have been obtained, we fully expect:

1) Teaming of the Government and Contractor in the Proposal and Model Contract development.

2) Continuation of Government Contractor IPT efforts leading to agreement on contractor effort and costs associated with the task(s).

3) Use of performance based payments when the government and industry can adequately define the major milestones for performance based payments. This requires a mutual understanding of what constitutes successful completion and the ground rules for acceptance and payment for incomplete milestones.

Contract Performance

Guiding Principles:

- During contract performance open communications focus on the relationship between the government members and the specific contractor rather than a wider industry base.

-- Where assessed risk is low and processes are established, the increased use of contractor self-governance in lieu of government oversight possesses a potential for mutual benefits.

-- Written evaluation of contractor performance on a yearly basis shared with the contractor provides evidence of contractor performance for use in future government source selections and also serves as a vehicle for contractor self improvement.

We fully expect:

- 1) Open communications with the contractor while ensuring in-scope contract performance.
- 2) Coordinated audit effort by government agencies and increased reliance on contractor self-governance for those contractors with approved control systems.
- 3) Promptly pointing out incidents of unsatisfactory performance to contractors to maintain open communications and facilitate corrective actions as required.
- 4) The use of electronic communications between members of the government team and the contractor. Teleconferencing and electronic data exchange should be used to the maximum extent possible. Open access to technical performance and cost data bases should be implemented to facilitate insight rather than oversight into program activities.
- 5) Appropriate government and contractor representatives working together and openly on Integrated Product Teams (IPTs) to ensure proper execution of the contract.
- 6) The careful preparation of reports of contractor performance (using established past performance evaluation procedures, e.g. CPARS) so that we can use these reports with confidence in our evaluation of performance risk in future source selections. Ensure that the contractor has an opportunity to comment on the Government evaluation before it is finalized.

Attachment 5